

SECRET

CHAL-0498  
Copy 3 of 5

12 March 1959

**MEMORANDUM FOR: Chief, Research and Development,DPD****SUBJECT : J-75 Engine Installation****REFERENCE : Memorandum for DD/P, from Kelly Johnson, dated  
5 March 1959 (GUS-0173)**

1. I am sending you a copy of the referenced letter which Kelly Johnson left with me on 10 March. This confirms that the cost of the conversion of four aircraft is [ ] and that the conversion of the first aircraft plus the fabrication of parts for all four would cost [ ]. I would appreciate it if you would pass a copy of the reference to [ ] and, in due time, he should reply and confirm in writing the authorization we have already given Lockheed to proceed with the 1st stages of this conversion.

2. In this connection I desire to inform you of the present state of policy decisions on this matter. I am holding the program approval for this modification. I have discussed the matter with the Director and he has indicated that he would prefer not to sign the Program Approval and make it a matter of internal record just at this moment since he expects in the near future to approach higher authority with respect to the possibility of U-2 operations in the near future. It is the Director's view that we should not give the impression of making a sizeable commitment of funds for a major modification just before an anticipated consultation with higher authority concerning the future of the whole CHALICE program.

3. The DCI is aware, however, not only that work has been started on the first conversion pursuant to his own oral approval but that certain costs must be incurred at this time in preparation for the expected conversion of three additional U-2s in order to avoid any delay in the completion of these modifications. Accordingly, he has authorized me to have the work carried forward on the present schedule pending a final decision within two or three weeks time. The final decision will either confirm our plan to modify four U-2s or require us to curtail the modification program as may be determined.

SECRET

**SECRET**

- 2 -

It is understood that if the decision is in favor of curtailment, a presently undetermined sum will already have been expended for unnecessary fabrication in order to forestall delay to the whole program.


4. In the light of the above work, the program should proceed as follows:

a. Lockheed should proceed as presently authorized on the modification of 342 and the fabrication of parts which would be required for the modification of a total of four aircraft including 342.

b. With respect to the second aircraft scheduled for modification I see no reason why it should not be assigned and made available to the contractor (assuming the aircraft is available and the contractor can receive it) as originally scheduled on or about 16 March. The contractor should be advised, however, that he should undertake prior to 30 March no work on the airframe other than that associated with IRAN. I am assuming that, since he is authorized to proceed with the fabrication of parts, there would in any event be no need for him to do anything to the airframe during the first two weeks it is in his possession other than complete disassembly and inspection as required for IRAN. In any event, however, I would be prepared to accept a delay of a day or so in the completion date for the second aircraft if necessary to comply with the limitation in this subparagraph.

c. I would refrain from suggesting to the contractor that this restriction is related to any major policy question and would advise him simply that we have run into a temporary problem of arranging funding which makes it desirable to delay final commitment to the actual modification of the second aircraft for the period indicated. It should be reaffirmed to the contractor that he has a firm authorization to proceed with the first aircraft and with the fabrication of parts.

cc: AC/DPD (Cy 2)  
C/Contract Br (thru C/R&D) (Cy 3)  
Comptroller/Admin Br/DPD (Cy 4)

  
**RICHARD M. BISSELL, JR.**  
Deputy Director  
(Plans)

25X1

**SECRET**